

Citywide Application

The current Inclusionary Ordinance applies only to the “New Growth” areas of the City. When the ordinance was adopted, the New Growth areas were where most of the new residential growth was anticipated to occur. The New Growth areas were also outside the boundaries of other programs that create affordable housing, such as redevelopment and the low income housing tax credit program, which prioritizes infill areas. In the years since adoption, the Inclusionary Ordinance has proven to be a complimentary tool to other affordable housing production tools, producing 5.8% affordable housing in the New Growth areas compared to 10.2% in the rest of the City in the same timeframe. However, as the City growth patterns change to a more infill focus, discussions have begun about the application of inclusionary requirements outside of the New Growth areas.

How might a new Citywide ordinance differ from the current ordinance?

The current Inclusionary Ordinance has been a successful producer of affordable housing in part because of the strong residential market in recent years, but also because the Ordinance itself was structured to be a New Growth tool. Its success is built upon the market’s success, by using developer-driven partnerships, “production” affordable housing financing tools and local incentives, allowing the Ordinance to reach its deep income targets. The increased emphasis on infill development, outside of Greenfield areas will necessitate larger structural changes to the Ordinance to provide more options and flexibility to better respond to the needs and capacities of neighborhoods citywide.

What areas should a Citywide Ordinance apply to?

When this question has been discussed at City Council, there has been general agreement that a citywide application of the Ordinance will necessitate both greater flexibility with compliance options and exemptions of certain areas in the City, such as redevelopment or high poverty areas. These options are discussed in greater detail below.

A primary rationale behind such an exemption lies in the concept of weak market cities or areas. Characteristics, challenges, and opportunities of weak market cities are explored in depth in “Building a Better Urban Future: New Directions for Housing Policies in Weak Market Cities” by Alan Mallach (<http://www.nhi.org/pdf/BetterUrbanFuture.pdf>), “

“A series of interlocking pressures drive the housing market in weak market cities downward - weak demand leads to low housing values and high vacancies, which lead in turn to property abandonment and neighborhood deterioration.”

Common characteristics of weak markets include

- Weak demand, meaning relatively few people are looking for housing in these areas and those looking for housing are likely to be low earning households;
- Low housing values;
- Poor housing conditions, including overcrowding and disrepair, particularly for poorer households;
- High vacancy rates and widespread abandonment;
- Declining neighborhood stability and quality of life. As homeownership declines and absentee ownership rises, services and infrastructure start to decay.

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Building on the assets of weak market cities, strategies to reverse decline include

- Building neighborhoods, not just homes by recognizing that housing investment should be evaluated in how it contributes to making the neighborhood as a whole stronger and more competitive;
- Fostering a more diverse economic mix in the city and its neighborhoods by offering an environment that appeals to people of different generations, racial and ethnic groups, and economic levels;
- Making sure the community's present residents benefit by building affordable housing to build wealth and providing higher quality affordable housing, including improving the existing housing stock.

Thus, another rationale for an exemption is the recognition that investment in housing and neighborhoods may occur through more comprehensive neighborhood revitalization approaches using a variety of tools.

Two options for exempting weak market areas are:

1. Exempt Redevelopment Areas

The designation of a redevelopment area requires findings that the area is disproportionately blighted and in need of reinvestment. Creation of a redevelopment area also provides a mechanism and funding stream for reinvestment, including funding set aside for the creation of affordable housing. Because of the existing City investment, affordable housing requirements and documented blight, it has been suggested the existing and future redevelopment areas be exempted from the Inclusionary Ordinance.

2. Exempt Areas with High Poverty Concentrations

An alternate, but similar suggestion is to exempt areas (by census tract or census block group) that have disproportionate concentrations of poverty. Citywide, 19% of the population lives in poverty, but that poverty is not evenly spread throughout the City. Focusing new affordable housing development in areas with less poverty helps to promote a balance of housing options throughout the City. Other City adopted funding programs also prioritize new affordable development in non-impacted areas (less than 30% poverty). Adjustments to these areas could be made with each new census.

Maps showing the redevelopment areas and 30% poverty areas in relation to the existing New Growth areas are included as attachments to this paper.